

28 October 1959
N.D.C.
add.

The Honorable George C. Lodge,
Assistant Secretary of Labor,
International Affairs
U. S. Department of Labor
Washington, D. C.

Dear Mr. Lodge:

I appreciate your thought in sending me a reprint of your article, "Labor's Role in Newly Developing Countries." As a matter of fact, I had read the article and had found it of considerable interest. You have presented a concise statement of the nature of labor organizations, showing how a few labor leaders can play significant roles in countries where the masses are unorganized. Such a statement is important for those in Government who are concerned with these problems. I think your article points to several avenues which deserve the attention of students of this subject and I hope it will stimulate greater interest.

Sincerely yours,

/S/

Allen W. Dulles
Director

This copy prepared by mfb for DCI and ER file.

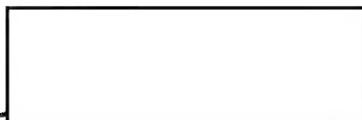
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(EXECUTIVE REGISTRY FILE)



Executive Report
11-802111

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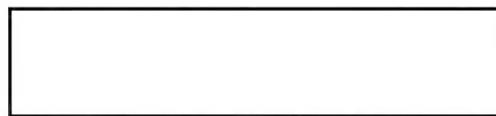
RE: 11-802111

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director (Plans)
Chief, Psychological and Paramilitary Staff

SUBJECT: Reply to George Lodge's letter enclosing
his recent article on International Labor.

1. This memorandum suggests action on the part of the DCI.
Such action is contained in paragraph 3.
2. George Lodge, on October 2, 1959, sent a reprint of his
article entitled "Labor's Role in Newly Developing Countries"
which appeared in the July 1959 issue of Foreign Affairs.
An interim reply was sent to Mr. Lodge on October 5.
3. Attached is a letter to Mr. Lodge for the DCI's signature
thanking him and commenting briefly on the article.



25X1

CORD MEYER, JR.
Chief
International Organizations Division

Attachments:

1 - Letter to Mr. Lodge

cc: DDCI

CONFIDENTIAL

ER 11-80714

✓
5 OCT 1959

The Honorable George C. Lodge,
Assistant Secretary of Labor,
International Affairs
U. S. Department of Labor
Washington 25, D. C.

Dear Mr. Lodge:

In the absence of Mr. Dulles, I would like to acknowledge your letter of 2 October and the enclosed article, "Labor's Role in Newly Developing Countries."

Mr. Dulles will be out of the city for a few days and, when he returns to his office, I will bring it to his attention.

Sincerely,

 Signed

Assistant to the Director

STAT

STAT O/DCI [redacted] bak (5 Oct. 59)

Distribution:

Orig.&l - Addressee

✓1 - DCI for hold file w/basic & encl.

1 - AAB

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(EXECUTIVE)

Executive II
11-8071

U. S. DEPARTMENT OF LABOR
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON 25, D. C.

October 2, 1959

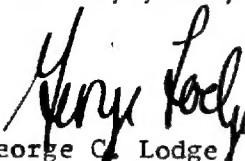
The Honorable Allen W. Dulles
Director, Central Intelligence Agency
Washington 25, D. C.

Dear Mr. Dulles:

It occurred to me that on Wednesday I may not have been entirely clear about the significance of organizations of workers to the development of our foreign policy. Time ran a little short; and just in case you might like a somewhat fuller exposition of the matter I am taking the liberty of attaching an article which appeared in the last issue of Foreign Affairs.

It was an honor for me to appear before the OCB, and I hope that the Department of Labor can be of increasing usefulness to the Board.

Sincerely yours,


George C. Lodge
Assistant Secretary of Labor,
International Affairs

Enclosure

LABOR'S ROLE IN NEWLY DEVELOPING COUNTRIES

BY GEORGE C. LODGE

Reprinted from

**FOREIGN
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AN AMERICAN QUARTERLY REVIEW



JULY 1959

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LABOR'S ROLE IN NEWLY DEVELOPING COUNTRIES

By George C. Lodge

THE struggle for economic improvement and political freedom in which enormous sections of the world are now engaged may well be the most far-reaching effort in human history. There is one aspect of this battle which has not been widely recognized, and that is the important participation in it of organizations of workers. Peoples throughout Asia, Africa and Latin America are looking more and more to labor unions as an instrument for improving their economic, social and political conditions.

It is misleading to think of these trade or labor unions in the newly developing countries as bearing any close resemblance to labor organizations in the United States; in general, they have different origins, purposes, methods and objectives. The differences have caused much confusion. Westerners have been led to ask: Of what importance can a labor union of several thousand men be in a country of many millions which is industrially underdeveloped? To answer this, we must first examine some of the general characteristics of workers organizations in the countries in question.

In the first place, these unions were *not* born in industrial revolution as the result of an urgent and specific need of a congested mass of factory workers for improved wages and working conditions. In their origins, they do not resemble the unions of England, the United States and Europe. Generally, labor unions in the less developed parts of the world were superimposed on a basically rural society for political or ideological reasons. They have developed as rural coöperatives, social welfare organizations, political parties, semi-fraternal groups and, in a few instances, rudimentary industrial unions, spreading to the mines, oil fields, railways and textile factories.

These unions, however, were not the result of worker initiative and could not have been, given the economic and political environment in which they emerged. They did not spring from a mass movement. Rather they were held out to a not unreceptive rural society by political parties, government, reformers and intellectuals of all sorts. Many union movements, particularly in Asia

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and Africa, rose on a wave of nationalism, becoming the spear-head of anti-colonial movements toward political independence. Others were impelled by humanitarian or ideological forces, and some by the belief that unions were important symbols of the modern industrial age—a requisite to admission as an equal among the industrialized nations. It is easy to see how these unions, with no firm roots in the wills of their members, could become a powerful political instrument in the hands of clever leaders, particularly as economic dislocations and social eruptions increased with the spread of nationalism and the coming of industrialization.

International Communism quickly sought to use them as instruments for the seizure of political power. In a significant number of new nations, however, the strongest anti-Communist element has come to be the trade unions. Often they have been the first organized force to realize that with Communism comes not utopia but a new and more dreadful form of colonial exploitation.

This is clearly true, for example, in India, where the free trade unions are fighting a desperate battle against the Communist-controlled All India Trade Union Congress. Last summer some of their members were shot down by police during a strike in the Communist state of Kerala. The plantation-workers' unions in Asia are another effective force against Communism. These unions in Malaya and India today have a broad base and have developed representative leadership. They are a far cry from being rootless instruments of "outside" interests. The members of the powerful Malayan plantation union, coming largely from the jungles and mountains, were exposed to Communism during the bitter guerrilla fighting that began in 1948. Many of them lost their homes and families to the Communist invaders. They know Communism for what it is and have developed strong trade unions not only to advance their economic welfare but to protect their country's independence.

II

In many countries of Asia, Africa and Latin America, the most important influence on the people is organizations of workers. Mr. Nasser was quick to appreciate the political significance of labor in his attempt to achieve power in the Arab world. When the existing union leadership in various Arab countries proved reluctant to coöperate with him, he organized the International

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Confederation of Arab Trade Unions as an instrument for reaching directly from Cairo to the workers of other Arab countries.

In the Sudan, an agricultural country almost one-third the size of the United States, the transport and communication system is of vital importance. After World War II the railroads, river boats, docks and hotels along the Nile were combined into a single transportation unit. It is not surprising that this unit was the target for the first unionization drive in Sudan which lasted from 1946 to 1955. Last year, when all union activity was outlawed by the Sudanese Government, there were 20,000 workers in this transportation union, which plainly exerted considerable strategic control over an industrial complex of basic significance to Sudanese economic and political development.

Going west to Tunisia, Bourguiba's Neo-Destour party could never have come to power and pressed so successfully for independence and social improvement had it not been for the strong support of organized labor. In Morocco, the National Federation of Labor emerged in the independence movement as a powerful political force. Through its attachments to the masses of the Moroccan people, it is a vital element in the political situation there today.

President Nkrumah and his Convention People's Party successfully secured the support of the labor movement in Ghana in 1954, both for domestic political reasons and to protect it from Communist influence. The career of John Tettegah illustrates the central role trade unions play in the affairs of many emerging countries of the world. As general secretary-treasurer of the Ghana Trade Union Congress, Tettegah also serves on the central committee of Ghana's ruling party. He carries great weight in labor affairs within Ghana, and in recent years has become recognized on the international scene as a spokesman for African labor.

The rise of African nationalism is well symbolized by the 29-year-old Kenya labor leader, Tom Mboya. First as a general secretary of the Kenya Federation of Labor and then as Chairman of the All-Africa People's Conference at Accra, Mboya emerged as one of the most able leaders of the African independence movement. Today he is also a member of the Legislative Council of Kenya. Mboya's rise is a good example of the new significance of workers organizations and their leaders. Born on a sisal estate in Kenya's highland area, the son of illiterate

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parents, he was appointed a Nairobi city sanitary inspector in 1951, but was outraged to find his salary was a fraction of that of a European holding the same post. He joined the African Staff Association, consisting of municipal employees, and in 1952 became its president. He converted this association into a union and the same year joined a political group, the Kenya African Union. His rise to a position of importance in Africa today is due largely to the substantial support he mustered as an organizer of African workers.

Sékou Touré, who led the independence movement in Guinea, Africa's newest independent state, also got his start in politics as a labor leader. It was indeed as a labor leader that he first demonstrated his ability to command an almost religious devotion from his followers. It was his well organized labor movement which gave him the power to force independence.

In Latin America, too, we see much the same situation. In Mexico, for example, trade unions today are a powerful political force. President Lopes Mateos, former Minister of Labor, was elected with strong labor backing, and the trade union movement helps to provide popular support for the present government. The labor movement constitutes more than 25 percent of the Chamber of Deputies and has similar representation in the Senate. As the country continues to industrialize, the unions will certainly gain strength and acquire a broader base among the workers.

In Colombia, Peru and Venezuela, in Argentina and Bolivia, the trade unions are playing a key political role, constituting as they do the most important mass organizations in those countries. In Peru, the trade union movement, most of which is allied with the Aprista party, is trying to reconstruct constitutional government after the Odría dictatorship of almost a decade.

In Costa Rica, Luis Alberto Monge is presently one of the principal leaders of the opposition in the Costa Rican legislature. Monge got his start in the trade union movement, having served in recent years as president of the principal labor organization in his country and as general secretary of O.R.I.T., the I.C.F.T.U.'s (International Confederation of Free Trade Unions) regional organization in the Western Hemisphere. Together with Costa Rica's ex-President Figueres, Monge is one of the more articulate opponents of dictatorship in Latin America.

Juan Lechin, Bolivian labor leader, was one of the two princi-

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pal figures in the 1952 revolution. Today he heads the opposition. While Lechin is a senator, he remains executive secretary of Bolivia's central trade union organization and head of the Federation of Mine Workers.

III

In order to understand more clearly how a labor union of a few hundred thousand—or even a few thousand—can be effective in a country of millions, let us look at India today. This is appropriate because India's labor situation exemplifies that of many Asian and African countries, and also because it has become of critical importance to the successful development of that country.

While India has a population of about 400 million people and a land mass almost half as big as that of the United States, it is a country being led today by an exceedingly small group of men and women. Like the founding fathers of our own country, these are patriots of exceptional intelligence, dedication and selflessness who are struggling against what often appear to be overwhelming odds. This group of men and women, who literally can be counted in the thousands, are very much a part of India and yet are clearly distinct from the mass of Indian people. They stand out as the only element in Indian society capable of making the tremendous exertion necessary for development. They are pulling India almost miraculously forward.

Assuming that this group of leaders numbers seven or eight thousand, I think it is also probable that those capable of supporting them in any effective way number no more than seven or eight million. In reaching this figure, we start with a total population of some 380 million, of whom 330 million live in the more than 600,000 isolated villages and have almost no contact with the main stream of Indian political and economic life. This leaves about 50 million Indians who live in urban centers. Given a literacy rate of 17 percent, the figure of eight thousand leaders with eight million capable of effectively supporting them does not appear unreasonable.

Within this context it becomes a little clearer how an active organization of say 200,000 men and women, under perhaps 25 dedicated leaders, can have a profound and lasting influence. This is especially true if, as is usually the case, their efforts are directed toward several industries such as steel, transportation,

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communications or longshore operations, which are of great strategic importance to the whole nation. Thus a relative handful of people, promising progress toward broadly popular goals, can be of the utmost political and economic importance. In the developing countries, numbers do not count so much as leadership and organization.

In India there are three principal federations of worker unions, each tied to its own political party. First, there is the Indian National Trade Union Congress (I.N.T.U.C.) with about 1,200,000 members. This federation grew out of the Ahmedabad Textile Labor Association founded some 30 years ago. Gandhi himself played an important role in its early days. Many of the present leaders of the T.L.A. and I.N.T.U.C. were close friends of the Mahatma, served jail terms with him and practice religiously his creed of non-violence and peaceful understanding. The chief union in I.N.T.U.C. is still the Ahmedabad Textile Association, which is in many ways a model labor union. Its grievance procedure, community activities and relations with management would compare favorably with any union anywhere, but it must be said that it is an exceptional operation in Asia. The T.L.A., and later the I.N.T.U.C. federation, grew with the independence movement and in its early years was largely a political force, although it also did much to improve the welfare of the textile workers of Ahmedabad. After independence, I.N.T.U.C. continued to be closely associated with the Congress Party and its leaders have alternated between the union and high government posts or positions in Parliament. The present Minister of Labor, for example, Gulzarilal Nanda, was the former general secretary of the Textile Labor Association and, as such, a leading official of I.N.T.U.C.; and the present president of the Association, Khandubhai Desai, was a former Minister of Labor. There is thus a strong bond between I.N.T.U.C. and the Congress Party.

Numerically the next largest labor federation in India is the All India Trade Union Congress (A.I.T.U.C.) with about 900,000 members, which is allied to and controlled by the Communist Party. Its leaders are also the leaders of the Communist Party and, while it pretends to certain economic and social aims, it is largely a political movement, plainly directed from the Soviet Union. It is making a particular effort to gain control of the Indian steel industry which is emerging in the wilderness of Bihar and Orissa around Calcutta. Through A.I.T.U.C., the

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Communists inspired a violent strike a year ago at the 50-year-old Jamshedpur steel mills of the Tata Iron and Steel Company, importing large numbers of paid organizers. They are now actively seeking to gain control of the three new government plants currently being put into operation at Durgapur, Rourkela and Bhilai, with the help of the British, Germans and Russians respectively. There is no question that control of this industry and the coal and iron mines flanking it will be a key factor in the future development of India.

The third principal federation of workers in India is the Hind Mazdoor Sabha (H.M.S.), with about 300,000 members, which is tied to the Socialist Party. This federation has a number of bright and vigorous leaders who have succeeded in building substantial strength particularly on the docks of Calcutta and Bombay, which strategically are of great importance.

India's principal labor federations are thus bound to the three main political parties and there is little likelihood that this situation will change in the foreseeable future. An aspect of this relationship is that the trade unions of India, and of many other Asian and African countries, form the most important contact between the political parties and the mass of the people. Unions are often conceived as being a combination of the Red Cross, Community Chest, Elks Clubs, an American-type trade union, a political party and in some ways a religious organization. Their functions and activities reach into every phase of urban life, including politics, housing, hospitals, labor-management bargaining, public parades, demonstrations, schools and colleges. Of these, the collective bargaining function is by no means the most important.

Although the political significance of these labor movements is what makes them especially distinctive from our point of view, their reason for being and the source of their strength lie beyond politics. They are sustained by the determined desire of the people of the developing nations for an improvement in their way of life, for a square meal where there has been starvation, for a hospital bed where there have been death and disease, for a decent house where there have been filth and squalor, for freedom and dignity where there have been domination and servility. It would be a great mistake to look on these unions as merely political tools to be played with as such. Their roots lie deep in the hearts of the people who are native to these lands. They are the

first true and wholly indigenous organizations which many of these peoples have ever known and they are prized for this reason. They are followed with dedication, and are looked to for a solution of all ills.

The Communists realize this full well and, as Vice President Nixon has noted following his trips to Africa and Latin America, they are making great efforts to win over not so much government and business officials, who may be in power today and gone tomorrow, but union leaders, who, by the very nature of their organizations, are likely to grow in influence, as industrialization progresses.

We would be seriously deluding ourselves if we did not recognize that the Communists have increased substantially their influence in the labor movements of Asia, Africa and Latin America. They are concentrating on controlling the workers in key industries throughout all of the newly developing nations. Large numbers of young labor leaders are invited to Moscow each year for a highly developed course of indoctrination. When these men return to their native lands, they are revered if for no other reason than that they have traveled far off in an airplane, an experience which very few have had. They are frequently admired and listened to when they preach that the way to quick development, the way to easy money and full bellies, is not the slow, uneven processes of democracy, but by the shorter Russian route of totalitarianism which has accomplished wonders in a few decades.

The day has long since gone when relations with other countries can be effectively carried on solely in the traditional "diplomatic" way at the usual "diplomatic" levels. The power of Africa and Asia is often not in the hands of government officials, but rather in the hands of relatively obscure native leaders who first appear on the national scene as leaders of a workers organization.

IV

What does this mean in terms of American interests?

In the first place, a visitor to India or to another country of Asia or Africa is apt to be struck by the degree to which the labor movement of the United States is admired. This respect is enhanced by the misconception abroad of the nature of this country and its economic system.

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The United States is described by others, and unfortunately even by some Americans, as a "capitalist" nation. To the vast majority of the world's people this word connotes something very different from the economic system and society which have in fact evolved in the United States. George Romney, President of American Motors Corporation, wisely observed earlier this year: "Today we still talk about 'capitalism' without fully realizing this term is a hand-me-down from an Old World society and our dead and gone robber-baron era in which a few controlled and exploited the efforts of many."

To the peoples of less industrially developed countries, the word "capitalist" conjures up exploitation, imperialism and colonialism. They are reminded of their own private employers or capitalists who in many cases strongly resemble the robber barons of the last century. Many people abroad do not understand the extent to which our economy meets the need of the consumer. And few realize the social consciousness which motivates many activities of United States business, or comprehend the intricate power balance around which has grown our unique variety of collective bargaining.

Most of all, perhaps, there is misunderstanding about the role of government in the American economy. In the less developed areas of the world, and even in some areas of Western Europe, there is little awareness that government expenditures for various social insurance programs in the United States are around \$12.5 billion annually; that another \$25 billion or more is expended each year by Federal, state and local governments under various other social welfare programs, such as public welfare, public health and medical care, child welfare, aid to veterans, public housing, and education; that, in addition, contributions to private health and welfare funds are currently being made at a rate of \$8 billion a year; and that the total of \$46 billion amounts to roughly a tenth of the current gross national product.

Few Asians or Africans have any idea that the United States has an elaborate unemployment compensation system and few realize the extent of our agricultural programs and Federal power establishments. They are astounded by the figures published by Professor Galbraith of Harvard in *Foreign Affairs* last year: In the United States 20 percent of the gross national product is disposed of by the various levels of government; in India only 10 percent. Such figures lead one to wonder about the meaning of

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the words "capitalism" and "socialism" as applied to the United States and India today.

Be that as it may, we are dubbed a capitalist country with all that it implies. At the same time, however, it is recognized that American workers have the highest standard of living of any workers anywhere and that in the United States there is the widest distribution of wealth. This seeming paradox is explained in the mind of, say, an Indian, an Indonesian or a Moroccan by assuming that the American trade unions have singlehandedly achieved these high standards for the American workers by wresting unparalleled benefits from "capitalist" hands.

This reasoning, added to the individual respect which many of our trade union leaders have gained in the course of their extensive travels, has meant that generally no aspect of the United States is more admired by the people of Asia, Africa and Latin America than our trade unions. This admiration provides an important avenue for the development of mutual understanding between the United States and the newly developed nations. It also provides a source of strength in the effort to organize free political and social institutions in those countries.

This fact should invigorate popular support for the Government's exchange programs which each year bring some 900 trade unionists from abroad for a three, six or nine months' stay in the United States, and permit top American union leaders to go abroad. Through these programs an African union leader can see the progress that American unions have made in eradicating discrimination; an Indonesian rubber worker can learn the basic methods and techniques of collective bargaining, union organization and industrial relations; a Venezuelan oil worker can see with his own eyes that the Communist representation of America as a land run by and for the exclusive benefit of money-hungry "capitalists" is just not so. The leaders and members of foreign workers organizations can see first hand the extent to which American labor has confounded the 100-year-old prediction of Karl Marx. Likewise, representatives of the A.F.L.-C.I.O., the United Steelworkers, the Oil Workers and other unions can understand better the problems of labor in less developed lands, can learn from them and hopefully can help them in their quest for economic improvement.

A second policy consideration relating to labor organizations abroad is the importance of our 48 labor attachés throughout

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the world, and of other foreign service officers who are engaged in reporting the activities of workers organizations and establishing useful contacts with them. We need to increase the number of exceptionally competent trade unionists who are taken into the foreign service to serve abroad as labor attachés. Union experience can be extraordinarily valuable in establishing contacts and relationships in many countries of the world. Young men with an academic background in industrial relations or with governmental experience in the manpower field should also be recruited for labor work abroad. As workers organizations grow in political and economic significance, increasing importance will be attached to the work of labor officers in the Foreign Service.

Third, the rising importance of labor organizations means that American support of the International Labor Organization must keep pace with its growing responsibilities. Our participation must constantly be measured against the help the world seeks from the I.L.O., a specialized agency of the U.N., whose purpose is basically twofold:

1. Through its technical assistance program and educational activities it seeks to improve the welfare of workers throughout the world by providing, for example: vocational training, assistance in the establishment of governmental institutions such as labor departments, technical advice to assist in the development of free collective bargaining and sound labor-management relations and various programs which help developing countries make better use of their manpower resources.

2. The I.L.O. also sets international standards designed to point the way for developing nations which seek to provide a better way of life for their people. These standards cover a wide variety of subjects including social security, child labor, industrial and mine safety, forced labor, slavery and various forms of discrimination in employment.

The I.L.O. is unique among international agencies in that it is tripartite; that is, its membership consists of worker, employer and government representatives from some 80 nations. The annual International Labor Conference at Geneva often provides the only occasion during the year when union leaders—many of whom are among the most important political figures of their country—travel out of their own country or encounter Americans. The importance of this encounter and of this organization can hardly be overestimated.

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It is certain that the Communists understand its importance. For they use it to the utmost to shout their claims to "a worker's paradise." Happily, it can truthfully be said that their shouts have fallen largely on unbelieving ears. They have made little headway in the I.L.O., and time and time again their totalitarian system has been shown up for what it is. This has been done most effectively not by government spokesmen but by workers, whose conviction and sincerity give their comments a persuasiveness which it is hard for a governmental representative to equal.

We have seen that the organizations of workers in the newer nations are a crucial force in the struggle for economic improvement and in many cases offer the only social and political leadership extending beyond the educated élite. If the future is to bring material improvement in a context of freedom and democracy, this force and its underlying sources must be fully realized. The United States must adjust to its significance and be prepared to make the same effort in behalf of world-wide economic progress as we have exercised in building military strength to deter aggression. To accomplish this will require not only economic assistance but a capacity to identify ourselves with the interests of those who are struggling for political rights and a better life.